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BC Stats

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue: 08-05 February 1st, 2008

- **BC manufacturers optimistic; Canadian industry has a more gloomy first quarter outlook**
- **BC drivers log an average of 3,400 km on the road during the second quarter**
- **Canadian economy continues to grow as service industries offset downturn in goods sector**

The Economy

- **BC manufacturers surveyed in January were more optimistic about business conditions than they had been three months earlier.** In October, the balance of opinion on production prospects was -20, with 19% (*seasonally adjusted*) anticipating increases and 39% expecting to see declines. Last month, the balance of opinion was +5, as 27% of manufacturers anticipated an increase in production, and just 22% forecasted a decline.

  Manufacturers were also more positive about the prospects for new orders and inventory levels than they were at the same time last year. In January, 30% expected to see new orders decline in the first quarter, while 16% anticipated an increase. Twenty-six percent thought the backlog of unfilled orders would be lower than normal, nearly double the number who expected bigger backlogs (14%). However, 19% thought the inventory of finished products would be too high, while just 7% said it would be too low. Employment prospects look promising for the first quarter of the year, with 63% of the province's manufacturers saying that employment levels will be unchanged, 20% expecting job opportunities to improve and 17% anticipating job losses.

  Overall, Canadian manufacturers were more apprehensive than those in BC with less than half (48%) expecting normal production volumes over the next three months and 33% anticipating declines. Twelve percent of Canadian manufacturers think inventory levels will be too high, and 18% expect orders to decline. Job gains (17%) are thought to be less likely than job losses (21%), although most manufacturers (62%) do not anticipate much change in employment prospects. Concern over the rising Canadian dollar was among the factors contributing to a 28% expectation of production difficulties over the first quarter.

  Data Source: Statistics Canada

- **Sales in the province's food services and drinking places industry topped $660 million (*seasonally adjusted*) in November, up 1.9% from the previous month.** Receipts at food service establishments rose 0.8%, while drinking places posted a 5.5% increase.

  Nationally, sales edged up 0.9% to $3.9 billion as full-service restaurants continued to thrive (+1.3%), outweighing a 0.8% loss in receipts for drinking places. All but two provinces saw sales climb in November, with increases ranging from 0.1% in New Brunswick to 4.4% in Nova Scotia. *Data Source: Statistics Canada & BC Stats*

Transportation

- **Vehicles registered in BC travelled an estimated 8.9 billion kilometres (km) during the second quarter of 2007.** With 2.6 million registered vehicles, that is an average of about 3,400 km per vehicle. Passengers logged an estimated 13.8 billion km on the road, indicating that BC vehicles carried an average of 1.6 occupants (including driver). For Canada as a whole, 19.8 million registered vehicles travelled an estimated 88.9 billion km (approximately 4,500 km per vehicle). Males were the most frequent drivers, accounting for 68% of vehicle kilometres in country. Cars made up 49% of registered vehicles in Canada, followed by pickups (21%), vans (15%), and SUVs (10%).

  As of the second quarter of last year, 10% of registered cars and trucks (SUVs, vans, etc) in BC were more than 18 years old—double the

Report The British Invasion—Travellers from the UK

Did you know...
More Vancouverites would rather stick to a budget (71%) than a diet (26%) *Source: Ipsos Canada*

national proportion. Nationally, only 5% of registered cars and trucks were pre-1989 models. The highest proportion of older vehicles was recorded in Saskatchewan (13%), while Quebec (3%) had the lowest. Older vehicles tend to have higher emissions and lower fuel economy—contributing disproportionately to air pollution. *Data Source: SC, Cat.# 53F0004*

Immigration

- **The distribution of the nation's immigrant population among urban and rural areas differs greatly from that of Canadians as a whole.** Overall, approximately 20% of Canadian adults (over 19 years of age) live in one of the country's three largest urban centres (Vancouver, Montreal or Toronto). By comparison, nearly 75% of immigrants live in these cities. Conversely, just over a fifth of Canadians live in a rural area (with a population under 15,000) or a small city, compared to a mere one in forty immigrants.

  The incomes of immigrants living in small urban areas are an average of 16% higher than for those living in large metropolitan areas. This is contrary to the trend for most Canadians, for whom living in a large metropolitan area is usually synonymous with having a higher income.

  Data Source: S.C. Cat. # 75-001-XWE

Housing Affordability

- **Between 2002 and 2004, approximately one in five Canadians lived in households spending more than 30% of before-tax income on shelter.** Individuals living in Vancouver or Toronto were more likely to spend larger chunks of their income on shelter, as were female single parents, renters and immigrants.

  Data Source: S.C. Cat. # 75-001-XWE

The Nation

- **The Canadian economy inched ahead in November, with real GDP expanding 0.1% (*seasonally adjusted*) over the October level.** The expansion continued a pattern of alternating months of slowing and accelerating growth that has been evident since the middle of the year. Monthly growth rates have been seesawing between 0.2% and 0.1% since June, well below the levels seen earlier in the year.

  The goods sector remained in the doldrums, with GDP slipping (-0.2%) for a third straight month. Manufacturing (-0.3%) fell back after a brief recovery in October. Mining, oil & gas extraction (-0.4%) and agriculture, forestry & fishing (-0.4%) slipped, but construction (+0.1%) and utilities (+0.2%) posted modest gains.

  Once again, steady growth in the service sector kept the Canadian economy on a slow upward path. GDP in the sector expanded 0.2% in November as several of the larger industries posted solid gains. Retail trade (+0.4%), transportation & warehousing (+0.3%), and professional, scientific & technical services (+0.3%) were all up, and the arts, entertainment & recreation industry (+1.2%) bounced back following a slowdown in October. However, wholesale trade slipped back 0.1% after two months of very strong growth.

  The energy sector lost steam (-0.1%) but information & communication technologies inched ahead 0.1% in November. *Data Source: Statistics Canada*

- **Canadian manufacturers' prices were 0.9% lower in December 2007 than in the same month of 2006.** Primary metal products continued to have a strong influence on the 12-month change, falling 13.4% from December 2006. Prices for motor vehicles & other transportation equipment (-8.0%) and pulp & paper products (-6.1%) were also down, but rising prices for petroleum & coal (+23.9%), fruit, vegetable & feed products (+5.6%) and chemicals (+1.9%) tempered the overall decline. Excluding petroleum & coal products, the Industrial Product Price Index (IPPI) would have dropped 3.4% instead of just 0.9%. The appreciation of the Canadian dollar muted the increase in producer prices. Without the exchange rate effect, producer prices would have risen 2.8% in December.

  BC softwood lumber prices dropped (-7.9%) as producers of Interior (-13.2%) lumber continued to receive substantially less for their products. Prices for Coastal lumber, on the other hand, were up (+5.1%), as were those for BC pulpwood chips (+10.2%). *Data Source: Statistics Canada*

For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

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Originally published in
Tourism Sector Monitor Issue 07-12

The British Invasion—Travellers from the United Kingdom

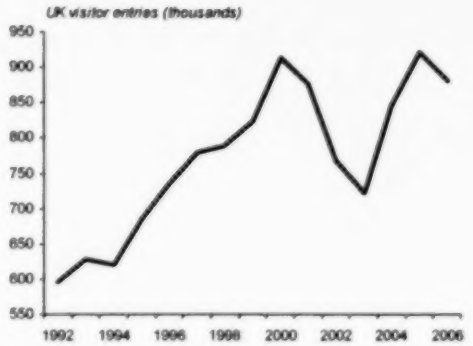
The United Kingdom of Great Britain and Northern Ireland (commonly referred to as the United Kingdom (UK) or Britain) is located off the northwestern coast of mainland Europe. It comprises the island of Great Britain, which contains England, Wales and Scotland, as well as the northern portion of the island of Ireland. A significant number of visitors from this European country travel to Canada and British Columbia, and represent an increasingly important market for the national and provincial tourism sectors.

The UK is the largest overseas travel market in Canada

According to information from Statistics Canada's International Travel Survey, the UK is the most important overseas market in terms of visitor volume and spending. In 2006, about 842,000 overnight trips from the UK to Canada were recorded, more than double the number of overnight trips from Japan (364,000), the second most important overseas market. British tourists stayed 12.6 nights on average and spent approximately $1.1 billion, accounting for 39% of spending by Europeans and one-fifth (20%) of total expenditures by overseas travellers. BC is the second most common destination for UK tourists behind Ontario, representing one-quarter (25%) of British visits to Canada in 2006.

During the 1992 to 2006 period, the total number of British visitors increased from about 596,000 to 882,000 (+48.0%). In addition, the proportion of total European entries originating from the UK also rose, from 32% in 1992 to 38% in 2006.

British entries increased significantly during the 1990s



Source: Statistics Canada

Most travel to Canada for pleasure; 1 in 3 visit friends or relatives

One-third (33%) of visitors from the UK travel to Canada to visit friends or relatives, while most (51%) indicated that the main purpose of their trip was other pleasure, recreation or holiday. Common activities by British tourists include shopping, sightseeing and visiting a national or provincial nature park.

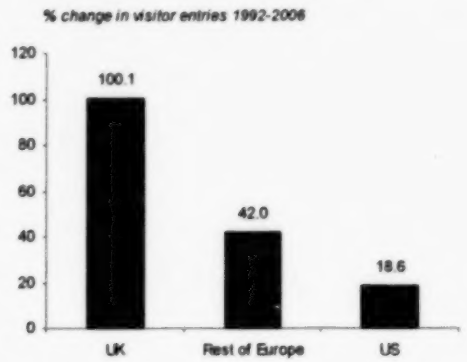
The UK is also a significant market for BC's tourism sector

There were 235,000 visitors from the UK to BC in 2006, representing 16% of total overseas entries. This exceeded the number of entries from Japan (218,000) and Australia (130,000), BC's second and third largest overseas markets, respectively.

The British market has been gaining importance since the early 1990s. Between 1992 and 2006, UK entries doubled (+100.1%) and the proportion of European travellers from Britain increased from 39% to 48% over this period. On the other hand, growth in the number of visitors from the rest of Europe

was less than half the UK rate (+42.0%), while steadily declining American entries since 2000 contributed to slower growth in the US market (+18.6%) from 1992 to 2006.

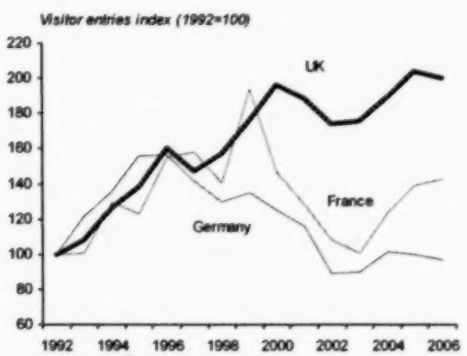
The number of visitors from the UK to BC has doubled since 1992



Source: Statistics Canada

In addition, growth in comparable European markets, including Germany and France, has been slower than the UK. The number of visitors from Germany declined (-3.4%) during 1992 to 2006 as well as its share of total European entries (29% to 17%). Although the number of visitors from France increased 42.4% over the same period, its proportion of entries from Europe was flat (4% to 3%).

Growth in European entries has been driven by the UK

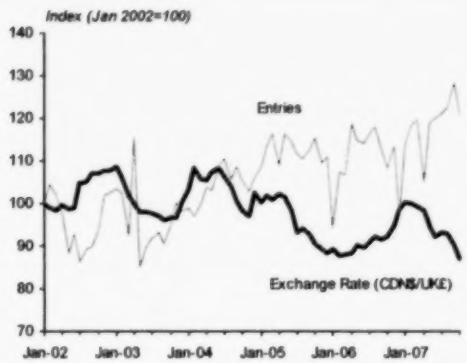


Source: Statistics Canada

The CDN$/UK£ exchange rate and its effect on visitor entries

There is some evidence to suggest that the exchange rate between the Canadian dollar and the British pound has not had a significant impact on visitor entries from the UK to BC. During the 2002 to 2006 period, the exchange rate (CDN$/UK£) decreased 11.4%. In other words, the value of the Canadian dollar increased. While it is reasonable to assume that there would be a corresponding decline in visitor entries, this was not the case, as there were 15.1% more visitors from the UK.

Despite an appreciating Canadian dollar, visitation from Britain has trended upward



Source: Statistics Canada

However, there have been periods where the number of UK entries and the exchange rate appear to be positively correlated. From 2003 to 2004, the value of the Canadian dollar declined relative to the British pound, causing the exchange rate to rise (+4.2%). Over the same period, visitor entries also increased (+8.1%). In 2006, the UK pound depreciated against the Canadian dollar compared to 2005 levels, falling from 2.21 (CDN$/UK£) to 2.09 (-5.3%). Visitation from Britain also moved in the same direction, as entries fell 2.0%. It should be noted, however, that exchange rate movements cannot fully explain changes in visitor entries. Other factors, such

as income and the cost of travel, may also influence the number of visitors from the UK to BC.

Notwithstanding the strong appreciation of the Canadian dollar in recent months, the British market does not show any signs of slowing down. In fact, travel from the UK is expected to increase in 2008, despite the anticipated slight easing back in Britain's economic growth.

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Email transmission information service from BC Stats

also on the Internet at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)	Oct 1/07	% change on one year ago
BC	4,402.9	1.5
Canada	33,091.2	1.0
GDP and INCOME (Revised Nov 8)		
(BC - at market prices)	2006	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	180,328	6.4
GDP *($ 2002 millions)*	158,335	3.3
GDP *($ 2002 per Capita)*	36,649	1.9
Personal Disposable Income *($ 1997 per Capita)*	23,996	5.0
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Nov	3,482	-1.8
Merchandise Exports - Nov	2,510	3.9
Retail Sales - Nov	4,762	0.2
CONSUMER PRICE INDEX	% change on	12-month avg
(all items - Dec 2007)	one year ago	% change
BC	1.2	Annual 1.8
Vancouver	1.3	average 2.0
Victoria	0.6	from 1.2
Canada	2.4	Stats Can 2.2
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Dec '07	prev. month
Labour Force - BC	2,394	-0.2
Employed - BC	2,293	-0.3
Unemployed - BC	101	0.2
		Nov '07
Unemployment Rate - BC *(percent)*	4.2	4.2
Unemployment Rate - Canada *(percent)*	6.0	5.9
INTEREST RATES (percent)	Jan 30/08	Jan 31/07
Prime Business Rate	5.75	6.00
Conventional Mortgages - 1 year	7.35	6.50
- 5 year	7.39	6.65
US-CANADA EXCHANGE RATE	Jan 30/08	Jan 31/07
(avg. noon spot rate) Cdn $ per US $	0.9937	1.1792
(closing rate) US $ per Cdn $	1.0068	0.8496
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Dec '07	one year ago
BC	755.66	2.2
Canada	766.72	4.9

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

High Technology - 2007

Input Indicators of the British Columbia High Technology Sector - 2007 Edition

This publication highlights conditions affecting the province's high technology sector from a supply-side perspective by tracking 37 business and economic climate indicators for BC, with comparisons to other provinces.

www.bcstats.gov.bc.ca/data/bus_stat/busind/hi_tech.asp#HTpubs

Topic Tables – 2006 Census

What are the top languages spoken at home in your community? Where were a community's immigrants born? A different approach to census tabulations.

www.bcstats.gov.bc.ca/data/cen06/topics/topics.asp

2007 Municipal Populations

Total population for municipalities and Regional Districts for July 1, 2007, as well as revised figures for 2002 to 2006, are now online.

www.bcstats.gov.bc.ca/data/pop/pop/estspop.asp

Area Profiles

There is a new link in the **RESOURCES** tab found at the bottom of our left sidebar. This page acts as a gateway to all our area profile products. Each profile paints a statistical picture of an area using maps, charts, tables, rankings, comparisons, and more. Eight thousand individual files are available now.

www.bcstats.gov.bc.ca/data/dd/profiles.asp

Released this week by BC Stats

- Current Statistics, January 2008
- LFS Seasonal Adjustment Revision, back 3 years

Next week

- Business Indicators, January 2008
- Tourism Sector Monitor, January 2008
- Labour Force Statistics, January 2008
- Earnings & Employment Trends, January 2008

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